

3.5 SECONDARY SOCIOECONOMIC EFFECTS

CEQA does not require the review of the social or economic effects of a project, however, State CEQA Guidelines § 15131(a) states that “*economic or social effects of a project shall not be treated as significant effects on the environment.*” An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.” CEQA Guidelines §15131 (a) emphasis added. The proposed project would introduce competition into the Lodi marketplace that could potentially result in adverse physical impact through increased store vacancies, blight, and crime.

3.5.1 ENVIRONMENTAL SETTING

Regional Setting

The City of Lodi is located in the San Joaquin Valley between Stockton, located approximately 6 miles to the south, and Sacramento, located approximately 35 miles to the north, and is bordered on the eastern side by U.S. Highway 99. The City is located on the main line of the Southern Pacific Railroad and is within five miles of Interstate 5 (refer to Exhibit 2-1). The City population is approximately 58,950 and is contained in an area of approximately 12 square miles.

The Vintner's Square Shopping Center project site is located adjacent to, and north of, Kettleman Lane/Highway 12, at the corner of Kettleman Lane/Highway 12 and Lower Sacramento Road within the municipal boundaries of the City of Lodi. The unincorporated lands of San Joaquin County lie beyond the proposed project site to the west. The area to the north, east, and south of the proposed project site are also situated within the City of Lodi. The area surrounding the project site and the City of Lodi is generally flat.

Lodi serves as a commercial center for the large market area that extends west to Rio Vista, east to Jackson, and north to Galt, and south to North Stockton, and includes the communities of Thornton, Lockeford, Clements, Woodbridge, and Victor. This large market area has helped Lodi maintain a healthy commercial sector (Applied Development Economics, 2002).

Local Setting

Lodi has three distinct shopping areas including Downtown Lodi, West Kettleman Lane, and Cherokee Lane. Downtown Lodi accounted for approximately 7% of taxable sales in the City during fiscal year of 1996-1997, West Kettleman Lane accounted for 26%, and Cherokee Lane accounted for 14%. The sources for the remaining 53% of taxable sales were scattered throughout the remainder of the City. The proposed project site is located in the West Kettleman area, which has seen the greatest amount of commercial growth in recent years. Between 1994 and 1997, the West Kettleman Lane area experienced a 33.6% growth, whereas the Downtown area saw less than 1% growth and Cherokee

Lane saw a decrease of almost 10%. The rest of Lodi grew by close to 6% (Applied Development Economics, 2002).

The Downtown area appears to be the area that would experience the most direct competition with the uses in the proposed Vintner's Square Shopping Center. The types of stores most likely to experience competition from the tenants of the Vintners Square Shopping Center consist of paint, wallpaper, and lawn and gardening stores, restaurants, appliances and electronic stores, and home furnishing stores. The proposed retail center would be located in the West Kettleman Lane area. There are a number of retail developments in this area of similar size and scope as the proposed project.

3.5.2 ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES

Thresholds of Significance

The following thresholds of significance have been developed through a review of the City's General Plan and commercial areas. For the purposes of this analysis, a secondary socioeconomic impact is considered significant if the project would:

- ❖ Result in substantial adverse physical changes to Downtown Lodi.
- ❖ Result in substantial adverse physical changes to other shopping areas in the City of Lodi.

IMPACT 3.5-A Adverse Physical Changes to Downtown: The proposed project would introduce competition to the Lodi market that could potentially result in a loss of revenues from the Downtown area. The financial impacts of this competition would not be at a level so substantial as to lead to increased vacancies, crime, blight or other adverse physical changes on the Downtown environment. (Less Than Significant Impact).

An economic impact analysis was prepared for the proposed Vintner's Square Shopping Center, which concluded that the project would not have substantial and adverse economic effects on the Downtown shopping areas. Individual businesses may experience some decline in sales due to increased competition, but not to a degree that would result in adverse physical impacts, such as increased vacancies, store closures, increases in crime, or blight, to the Downtown environment (Applied Development Economics, 2002).

The two major tenants of the proposed shopping center would be large national retailers that would largely serve both the local and extended local market that that extends west to Rio Vista, east to Jackson, north to Galt, and south to North Stockton, and includes the communities of Thornton, Lockeford, Clements, Woodbridge, and Victor. The Lowe's Home Improvement Center's market area likely would not extend to North Stockton as Lowe's has a location in Stockton. The Downtown businesses that would most likely be effected by the introduction of additional competition would be paint, wallpaper, and lawn and gardening stores, restaurants, appliance and electronics stores, and home furnishing stores.

Of the downtown paint, wallpaper, and lawn and gardening stores, Valley Paint would be the retailer most impacted by the establishment of a Lowe's. The store has competed with other regional and national retailers such as Orchard Supply Hardware, Home Depot, and others and is still in operation. The majority of Orchard Supply Hardware and Home Depot sales are made up of specialized product

sales for and contractor and maintenance sales. The cumulative effect of new businesses entering the Lodi market has resulted in flat sales trends over the past few years for the business. Other stores of this type that would be impacted would be Wright Motors, Geinger's Floors, and other Downtown home improvement stores. These stores would be less vulnerable to negative effects of competition since they carry specialized product lines that Lowe's would not carry and these businesses also earn income through installation and repair services. The introduction of a national home improvement center such as Lowe's would not adversely impact any of the Downtown businesses in a way that would result in an adverse physical change due to the specialization of their product line and offering additional services that Lowe's does not. Valley Paint, the retailer most likely to experience competition, has been able to survive competition from retailers similar to Lowe's, and no information has been encountered that would suggest that the additional competition resulting from the proposed project would result in a substantial and adverse effect that could lead to increased vacancies, store closures, crime, blight, or other adverse physical impacts.

Similarly, the Downtown home furnishings stores and appliance and electronics stores offer specialized products and have a greater emphasis on high-quality products and customer service. The Downtown appliance stores have experienced robust sales growth in recent years. Lowe's sells similar merchandise as the Downtown appliance stores, but the impacts from competition is difficult to quantify. As an estimate, sales by Downtown appliance retailers are expected to decline anywhere between 10 to 20 percent (Applied Development Economics, 2002). This 10 to 20 percent would not be a decline substantial enough to lead to increased vacancies, increase crime, or result in blight or other adverse physical impacts. Furthermore, many customers prefer to shop in smaller, familiar stores. The Vintner's Square Shopping Center is not anticipated to introduce a substantial level of competition to the electronics market.

Likely tenants of the proposed shopping center would also include In-n-Out Burger, Baja Fresh, or other readily recognized or national franchises serving a similar market. The one Downtown restaurant that would directly compete with the proposed eating establishments at the Vintner's Square Shopping Center would be McDonalds. McDonalds has proven itself to be highly competitive with a loyal customer base. The introduction of competition at the Vintner's Square Shopping Center would not impact McDonalds in a manner that would result in restaurant closure or other substantial and adverse physical changes. The restaurants at the Vintner's Square Shopping Center will be franchises that will likely accommodate consumers shopping at the center, or traveling by and stopping for a quick meal. This type of competition is not likely to lead to increased vacancies, crime, blight, or other adverse physical changes.

The nature of the anticipated tenants of the Vintner's Square Shopping Center would serve to limit its impacts on other commercial areas of the City of Lodi. In addition, the surrounding businesses of similar scale and customer base and its location on Highway 12 contributes to the site's large market attraction as opposed to one specifically serving local residents. The Downtown area is envisioned to be the social and cultural hub of the City of Lodi, and uses in the Downtown area are generally of a smaller scale, more locally oriented, and place a higher priority on individualized service. The proposed shopping center is located away from the Downtown and will have little to no negative affect on the vitality of the Downtown area as a whole. Consequently, the proposed shopping center would not lead to increased store closures, vacancies, crime, blight, or other adverse physical changes on the Downtown environment.

Mitigation 3.5-A: The project would not introduce substantial competition or include other aspects that would lead to increased vacancies, crime, blight, or other adverse physical changes on the Downtown are of the City of Lodi and, therefore, no mitigation is required. (Less Than Significant Impact).

IMPACT 3.5-B. Adverse Physical Effects to Other City Shopping Areas: The proposed project would introduce competition to the Lodi market that could potentially result in a loss of revenues from other existing shopping areas. The financial impacts of this competition would not be at a level that would result in a substantial and adverse physical change on the Downtown environment. (Less Than Significant Impact).

Similar to the discussion relative to Impact 3.5-A, above, the economic analysis prepared for the proposed project indicated that a substantial degree of competition would not be introduced to the other commercial areas of the City of Lodi that would result in adverse physical impacts. (Applied Development Economics, 2002).

The other area in the City of Lodi likely to be affected by the proposed project would be those retail uses located along West Kettleman Lane (State Highway 12). This area has seen growth in the range of 34% over the past 10 years. The proposed project would be located on the corner of West Kettleman Lane and Lower Sacramento Road. The West Kettleman Lane area can best be characterized as having commercial and retail developments of a similar size and scope that have a proven ability to compete in competitive marketplaces. There are numerous large, national and regional retailers that co-exist in the area such as WalMart, Food4Less, and Target. The proposed project would not introduce substantial competition, nor does it include other factors, that would be anticipated to result in numerous store closures or other adverse physical effects on the other commercial areas of the City of Lodi.

Mitigation 3.5-B: The economic data prepared for the project concluded that a substantial degree of competition would not be introduced to the other commercial areas of the City of Lodi that would lead to increased vacancies, crime, blight, or other adverse physical changes, therefore no mitigation is required. (Less Than Significant Impact)

Relevant General Plan, Goals, and Policies

The Lodi General Plan is comprised of elements that address a broad and evolving range of issues. Each General Plan identifies and describes goals, objectives, and policies that provide direction for decision-making and formulation of public policy. The General Plan contains nine elements, including seven elements required by state law, which guide development within the City. The goals, objectives, and policies related to socio-economics that are relevant to the proposed project are provided below:

Land Use Element

- ❖ Goal A: To promote and retain development in downtown Lodi.

Policy 1. The City shall preserve and promote downtown Lodi as the City's social and cultural center and an economically viable retail and professional office district.

- ❖ Goal E: To provide adequate land and support for the development of commercial uses providing goods and services to Lodi residents and Lodi's market area.

Policy 3. The City shall encourage new large-scale commercial centers to be located along major arterials and at the intersections of major arterials and freeways.

IMPACT 3.5-C Consistency With Lodi General Plan: The proposed project would introduce competition to the other commercial areas of Lodi. The financial consequences of this competition would not be so substantial as to adversely physically impact the Downtown area of Lodi or otherwise impede the preservation and/or promotion of the area as the City's social and cultural center and an economically viable retail and professional office district. The location of the proposed project is located on the corner of State Highway 12 and Lower Sacramento Rd. The proposed project site is along major arterials and at the intersection of two major arterials, State Highway 12 and Lower Sacramento Road. (Less Than Significant Impact)

The economic evaluation of the proposed project indicated that the proposed project, or the competition it would introduce, would not have a substantial adverse effect on the Downtown area. The project site is located away from the Downtown area, and does not incorporate any aspects that could potentially impede or conflict with the preservation of the Downtown or the promotion of the area as the social and cultural center. The Downtown area serves a local market with businesses prioritized towards quality products and individualized service. The proposed national retailers would serve a broader regional market that wouldn't substantially compete with the Downtown marketplace or impact its economic viability as a retail and professional office district (Applied Development Economics, 2002).

The proposed project would be considered a large-scale commercial center for the City of Lodi. It is proposed to be located at the corner of two major arterials, State Highway 12 and Lower Sacramento Road. The project would be accessed by both of these roads. Consequently, the project meets the intent of General Plan Goal E, Policy 3.

Mitigation 3.5-C: The proposed project would be located away from the Downtown area and would serve a different market than downtown businesses. The project would not impede or conflict with the preservation or promotion of the Downtown area of Lodi as the City's social and cultural hub, nor would it impact the economic viability of the Downtown area as a retail and professional office district and, therefore, no mitigation is required. The proposed project is located along a major arterial, State Highway 12, and at the corner of two major arterials, State Highway 12 and Lower Sacramento Rd. The project meets the intent of General Plan Goal E, Policy 3 and no conflict would arise. No mitigation is required. (Less Than Significant Impact)

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